

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Competitive Product Price Changes)	
Rates of General Applicability)	Docket No. CP2020-5
)	

COMMENTS OF THE ASSOCIATION FOR POSTAL COMMERCE

(October 25, 2019)

Pursuant to Order No. 5272, the Association for Postal Commerce (“PostCom”) submits these comments on the Postal Service’s Competitive Price Adjustment, scheduled to take effect on January 26, 2020. In comments on CP2019-3, PostCom cautioned that aggressive price increases on First-Class Package Service bore watching by the Commission. PostCom is pleased to note that in its 2020 competitive product price changes, the Postal Service is proposing more moderate increases in published rates in CP2020-5. Moderating rate increases should allow customers to better plan expenses and may help to attenuate – if not reverse – recent declines in volume. In its notice of competitive price change, the Postal Service is also implementing a \$0.20 Unmanifested eVS fee for Priority Mail Express, Priority Mail, Parcel Select, and First-Class Package service customers. According to the Postal Service’s notice, this fee is intended to “discourage instances of unmanifested commercial parcels, reduce occurrences of lower postage assessments, and offset additional reconciliation, manual processes, and operational costs.”

USPS Notice of Changes in Rates of General Applicability for Competitive Products at 2 (Oct. 9,

2019) (Notice). While not explicitly cited in the Notice,¹ the Postal Service intends to collect the fee on all competitive products, regardless of mail class, when the quantity of unmanifested pieces exceeds the defined threshold of 1% of the mailer's entire manifested mailing volume.

Under the originally proposed terms, the fee proposed by the Postal is redundant, unnecessary, and will disproportionately impact small and medium-sized business who rely on the Postal Service. The Postal Service already incorporates manifest quality (MQ) as part of its broader effort to monitor compliance with intelligent mail parcel barcode (IMpb) standards. MQ is monitored by the Postal Service, and shippers who do not achieve 95% compliance are subject to surcharges. The 95% threshold was agreed upon by shippers and the Postal Service and takes into account numerous factors that may impact a shipper's ability to attain perfect compliance with manifest requirements. If the Postal Service believes that stricter standards are needed, there are existing workgroups and forums where the Postal Service and its customers can jointly resolve technical and operational concerns without unilateral imposition of a fee.

Finally, PostCom notes that the burden imposed by the unmanifested threshold would be compounded by price increases for competitive products that continue to outpace inflation. Although temporary price increases might be expected when a product moves from the market dominant to the competitive products list, the parcel market has seen sustained price increases, above economy-wide increases, with an upturn in the number of compliance fees, which could indicate that the market for these products is less competitive than assumed. At a minimum, one would expect that the Postal Service would be less willing to impose burdensome compliance obligations in a competitive market for fear that its customers

¹ The 1 percent threshold is not part of the Postal Service's notice and is expected to be included in a revision to USPS Pub 199: Publication 199 Intelligent Mail® Package Barcode (IMpb) Implementation Guide for: Confirmation Services and Electronic Verification System (eVS) Mailers.

would simply move their volume to a more accommodating carrier. Time will tell whether this dynamic bears out, but both the Commission and the Postal Service should be mindful of how competitive forces influence demand for Postal Service products. Furthermore, PostCom understands that ongoing discussions between the Postal Service and its shipping customers may produce a compromise solution that would obviate the unmanifested fee and therefore recommends that the Postal Service abandon the threshold for imposition of the fee as proposed.

Respectfully submitted,

/s/ Matthew D. Field

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